Paul Taylor: Good afternoon to most of our attendees. And for those of us still out on the West coast, good morning.

We are delighted that you're here for the March 2004 executive teleconference from the Center For Digital Government in cooperation with our friends over at Government Technology Executive Events.

We have a good mix of both public and private sector participants today and also the reason that you're here is our guest, Mike Inman, Commissioner of the Kentucky Office of Technology. We'll meet him in a moment. There are a couple of announcements as we begin this morning.

We will be taking your questions for Commissioner Inman later this hour and we encourage them. There are going to be two ways of doing that. Kelcey will help facilitate the voice-to-voice questions and we're trying something a little new. On the last couple of calls, taking them via e-mail, and if you can jot down an e-mail address, it would be mine, pwtaylor@erepublic.com. And if you prefer submitting questions by e-mail feel free and we'll be checking those as the hour proceeds.

Just in terms of a protocol issue, we've got a couple of requests. As the folks at NPR would say, we are looking for questions not comments and there is only really one limitation to questions and that is to avoid overtly, sales-oriented questions, you know, such as, Mr. Commissioner, are you in the market for a (inaudible) 2010. It just works out better that way for everybody concerned.

So welcome again. There are a couple of announcements that we'll get to later in the hour regarding an opportunity to spend some free time with the good people of Kentucky in upcoming event and that will probably come up in our conversation as we move forward.

Our guest today who is playing an important role in making that event happen in April. That is what he shoehorns into his spare time because there's plenty to keep him busy at work. Mike Inman serves Governor Ernie Fletcher as Commissioner of the Kentucky Office of Technology within the finance and

administration cabinet. Prior to joining the Fletcher administration last May, Commissioner Inman was in the federal government practice with Computer Associates. That followed a 25-year career in the US Army but he's home in Kentucky now.

Mike, thank you for your service, both then and now. Welcome here this morning or afternoon and let's begin, if you would, with an overview of the commonwealth's IT program and how that fits into Governor Fletcher's plans for streamlining government.

Mike Inman: Well, Paul, thank you very much and I do appreciate the opportunity to come on the call today and talk to your audience.

You mentioned the Kentucky Digital Summit and I would like to highlight myself. I think that's very important. Probably up until the Digital Summit last year, I didn't really understand completely the influence and all that my office has across the state. That was a great event last year and we're looking forward to a good one this year. And I'll tell you, I really have to say thanks to all the sponsors and all who make that possible. I'll put that in right away.

Well, it's been an exciting first 10 months back in the commonwealth. I've spent that time getting around, getting to know our people, understanding Governor Fletcher's priorities, learning about all the different cabinets and agencies and how we all work together as we go about the business of providing a myriad of government services. And I've spent some time taking stock of the many technologies that we employ here in the state and the challenges that all of those technologies mean.

The state of technology in Kentucky is pretty good I have to say. We have a core of well-trained and dedicated IT professionals, both inside my organization and across state government. We have a very robust infrastructure in place. Something that I think most states and many corporate IT shops probably would envy. And we're fortunate that so much work has been done over the past decades to bring us to

where we are today. But we have some challenges ahead. What I'd like to say about that is that I think where we're starting from now, we're way ahead of what most states -- most of my peers would be at.

So I want to start off today talking a little bit about organization and responsibilities and then I want to cover some of those advantages that I alluded to in the opening there and why I think we're poised to make some really big leaps in our application of technology to the business of government. And I'll take just a little bit of time at the end and talk about our challenges and our vision and about the areas where we're really focusing our efforts today.

The commonwealth office of technology as Paul said operates as a department under the finance and administration cabinet by direction of the governor and as coded in statute we have very broad responsibility to oversight IT for the executive cabinet specifically and state government in general. We're the largest deliverer of IT services for state government providing the bulk of infrastructure services and building and maintaining a significant number of the larger IT systems, we establish IT policy and standards for state government.

We're also responsible for strategic and tactical planning for assessing and recommending and implementing IT governance in organization design and establishing partnerships and alliances for effective implementation of IT projects. Our employees are working in many areas of state government to increase efficiency and improve service delivery for state agencies and citizens and businesses of Kentucky. We cover pretty much all the disciplines of information technology and communications. They include land, WAN, e-mail, storage telephony, emergency communications, 911 operations, interoperability of mobile communications, project management design, development, testing and managing IT systems, and oversight of IT procurement processes. If it's related to IT or communications, we're there.

When I arrived here in June of 2004 there was a major reorganization of state government underway. Kentucky had recently elected their first republican governor in 30 years, Governor Ernie Fletcher, and Governor Fletcher ordered the reorganization of state government with the intention of streamlining how

we provide services and eliminating duplication between cabinets and agencies where possible and improving efficiency and eliminating waste. And one of the impacts of that it was a large chunk of my organization went over under the finance cabinet where it matched up with the facilities and the Department of Revenue to create efficiencies and in return for that, I picked up the responsibility directly for all the finance's IT.

So it was a pretty good way to streamline and consolidate. And it actually pointed us in a direction of infrastructure consolidation that the governor had mentioned to me in my interviews with him when I was under consideration for this position.

Let me say that Governor Fletcher has a clear vision for the role IT should play in improving efficiency and service delivery of government. His emphases on IT is nowhere more evident than in his budget the budget that was finally recently approved here includes more spending on technology than any previous administration in Kentucky's history. And Governor Fletcher has publicly and repeatedly announced his interest and focus on technology in the form of what he calls a prescription for innovation. This plan that he has announced calls for an increased in computer use by citizens in Kentucky and increased availability of e-government offerings and it provides for universal access to broadband.

Now, the first and last points are more in the education/economic development efforts and we are a somewhat supporting player in those areas and they are about Governor Fletcher's efforts to drive Kentucky's economy forward. But that middle point though directly relates to our business of increasing access to government for our citizens and while more money is being appropriated for technology, we need to remember that demand for technology and technical solutions is growing at an ever faster rate so we have to become more efficient at delivering services with the funding that we have in order to stretch those dollars and meet more and more of the ever-rising demand.

In the same way that we feel blessed in Kentucky with our abundance of natural resources our beautiful landscapes, our fast horses and our talented basketball teams we are also blessed with some real

technological advantages. Now I know everyone was wondering if I would get basketball worked in and I did.

I've talked with folks from several states who are interested in doing some of the same things that we're doing here in Kentucky and invariably what I find is that they're starting further back from their goals than we are and I want to take just a moment and talk about some of the advantages that we have today.

Over the past 10 years, Kentucky has been a national leader in many areas of technology, infrastructure, and telecommunications and it starts back at least for purposes of this discussion back in 1974 when Kentucky as a result of a series of some of the worst tornadoes ever recorded in the United States established a statewide telecommunications network that was designed to be shared by pretty much all state agencies.

It's called the Kentucky emergency warning system and it utilizes 144 wireless radio tower sites that are located throughout the state that have reliable battery and generator backup and provides an always-on microwave backbone for state public safety agencies. From its very beginning, this was a model system for the rest of the nation and we're about to make it better. One of our major program's initiatives this year is to upgrade this system to a digital system and we just got the first round of funding through the legislature this year to pay for that.

Another huge advantage that came from past decades was the commonwealth data center. While many states are searching for funding to establish a data center we've had one since 1978. The commonwealth data center was originally designed to serve as the enterprise facility for mainframe computers and as mainframes downsized, the facility actually was converted in many ways to personnel use although we have a large number of facilities here. But we have tremendous capability to bring in servers from around the state and even today we house the servers that run most of the enterprise applications for statewide financial procurement budgeting , personnel payroll, and social welfare, social services, vehicle registration you name it, it's run out of the data center today. And while we call this a state-of-the-art facility, there are some things we recently had a contractor come in and take a look at it and give us some recommendations

and we're doing some upgrades to enhance security. The facility already has the most redundant power system of anyplace in probably in the commonwealth but certainly within Frankfurt.

And the point about this is if we didn't have this facility and we were going to set down the road that we're heading down, acquiring it would be our start point.

Another thing that really sets us ahead is the Kentucky information highway. This was a 10-year contract that was let back in 1995 with a consortium of communications companies. There's a prime contractor in the 19 other local telephone companies and a long distance carrier that is a co prime contractor that provide communication services around the commonwealth. And I won't go into all the details of it but it is a very good contract and it made us one of the first states to link all of our schools to the Web in all 120 counties.

Now we've just let a contract upgrade that is about to be awarded and that contract is going to bring a much higher level of service to the WAN and we expect it to have a reduction in costs that reflects the changes that have gone on in the market and that contract then will become the backbone for the next generation of applications and Real Time collaboration tools that we plan to deploy.

Empower Kentucky was a mid-90's program that was -- it established the Kentucky information resources management commission which in a lot of ways was a precursor to my office today although there was a computer services division back then but in power Kentucky provided the funding and it built a lot of the large systems that we have still in place today. Unfortunately, many of those are older systems but which need a lot of work on them. But empower Kentucky was something that was before its time and empower Kentucky led directly to the strategic information technology plan that provided the framework for effective management of IT in the commonwealth and we still are working off of that strategic plan today.

And then Kentucky was an early adopter of enterprise e-mail. We standardized on exchange back in the mid '90s and today we handle over a million e-mails a day from 40,000 users all on the same global e-mail network and we recently added a content security management solution to that to eliminate unsolicited e-

mail and it is a very secure, very reliable, very operable system and I periodically run into people around the commonwealth who don't have access to it and the first question they ask is how can we get into that system.

Another area of growth that we've had is in the area of geographic information systems. We have the division of geographic information in my office that works to encourage coordinate and implement GIAS programs across the commonwealth. PGI works with both state and local government and serves as a liaison to the federal mapping agencies and they set standards, do strategic planning, do project management technical and administrative support dissemination of data and all the things that you would normally think of in a regular IT operation they coordinate that for GIS. It's all about write it once and use it many times.

Some other innovative things are the tele-health network that exists within Kentucky. Some of you may have caught the University of Kentucky University of ballgame back in December just after Christmas and this game was watched pretty heavily nationwide but in the middle of that something very special took place when we used the telehealth network to link to the military network in Iraq and conduct a program called freedom calls from freedom hall which allowed families of deployed service members to link up with their loved ones over that network during the ballgame. That network is not actually used to link people to Iraq though but it's used actually to link people to healthcare around the state. There are four training centers and 25 network sites and the network provides the infrastructure that allows clinicians from all across the state to work together to meet needs of the underserved population in some of rural areas of the commonwealth.

The legislature this year just approved another initiative that builds on the success of the tele-health board in the form of an e-help network and this system's going to have an e-health board to administer program and it's going to link healthcare providers across the commonwealth and provide a digital medical record. So we're real excited about that.

Another area that really sets Kentucky apart is in the area of criminal justice. We have a unified criminal justice information system that is a model for the nation and the mission for this is to provide for the collection and availability of accurate, up-to-date information relating to individuals charged with or convicted of a criminal offense and do it in a timely and easily assessable manner. There are about 12 different programs under the -- you see just umbrella and we continue to get a steady stream of funding for that.

We rolled out a self-funded portal in 2002 that has now moved up to a top 10 -- it's led us in terms of our Web sites up to a top 10 rank in the Center For Digital Government's best-of-the-Web contest. That and all of these other programs together have led to an increased recognition of technology in Kentucky and this past year we moved from number 12 on the digital state survey up to number 24. And I could go on into a number of other areas where we've been sited but what I really want to focus on are some of the challenges that lie ahead.

Like many states, we see our IT budgets going up but there's a huge pent-up demand for IT services that make it a challenge to meet that growing demand. And we've got some of the same things that are faced out in the private sector and know in all government agencies in that we're losing a lot of our long-term employees due to the baby boom generation beginning to retire but in Kentucky we have an added problem in that our retirement system is going to change in 2008 so there is a very large incentive for many of our workers to leave public service.

The difficulty is that it's very hard to replace those service -- those workers. Many of them have skills such as cobalt development skills that are very hard to find and we're competing with an economy that's beginning to accelerate a little bit. So we've got to look at cutting costs where we can and focus on improving efficiency and our delivery of IT services. And we've got to do this at the same time that our customers are demanding faster delivery and a higher level of service and we do it in an increasingly complex and dangerous cyber world so I emphasize the point about security. I say this pretty often that we're at war in the cyber realm and we've got to always be vigilant to stay ahead of a living, breathing and

increasingly intelligent enemy in the form of hackers malicious code writers and sophisticated information thieves.

So we've done a lot and we have some significant challenges and to help us reach our goals we've lifted up three main drivers that help us stay focused. The first one is to reduce costs and improve efficiency. The second one is to improve services and stay client focused. And the third one is to enhance security. And around this we've built a vision of adopting an enterprise approach to planning investing in and managing information technology for the commonwealth. We are trying to provide information technology as a utility to state government agencies wherever it's possible and wherever it makes sense. We want to apply the principals of enterprise architecture and project management to building our critical information technology systems that scale up to meet commonwealth requirements so that what you don't know today but find out tomorrow will not cause you to have to re-spend money that you may or may not have.

And we're trying to be a promoter of technology in Kentucky's education systems. When we first took on that task, it was to support the governor's efforts primarily but it has become very self-serving as we focus on the knowledge that we're going to lose in terms of the workers that we anticipate retiring and so it has led us to form partnerships with state universities to promote intern programs and co-op programs to bring students here to work and study with us here in the office of technology.

And then the final fifth point of that vision statement is that we support Governor Fletcher's initiatives to attract and retain technology companies in Kentucky again for economic development reasons.

Now some of the specific things that we're trying to do is first of all we are very focused on infrastructure consolidation and this is all about having a consolidated helpdesk or what we call a service center change management configuration management, central network administration and the management for desktop support out in the cabinets. We estimate that spending on operations in the executive cabinets is about $180 million a year and this office currently touches only about 55 million of that directly and then we have another 30 million that's a part through cost so and looking at some of the estimates that we have gotten

from consulting firms and different things over the past several years that this has been looked at we figure we can save about 20 percent of that cost by managing the infrastructure centrally and so we have a pilot underway right now in three cabinets to do this and we're hoping that within the next year we'll be launched fully with the objective of consolidating the nine executive cabinets and the six or so separate agencies that operate under the governor.

The service center concept that we're trying to roll out is a very important one. Right now today much of the effort that we call development here is really about providing level one and level two support to existing legacy applications and what we're trying to do now is to capture the knowledge that's in the people who actually provide that support and put that into a knowledge tool in a service desk so that as those people leave the workforce here we've retained the knowledge that they have and are able to carry on and deliver the same level of service but do it at a hopefully at a lower cost. So we relate a lot of these things to the fact that we have this shrinking workforce that we have to contend with over the next couple of years.

We're also trying to change the way that we accept and track task orders and work within this office so that we can provide a better level of service and better tracking of work and so that we can capture the costs related to specific applications and how much those cost us to operate and prioritize workload.

Not a newer novel concept but something that has not been done here very well in the past.

I mentioned earlier the KIH two upgrade the contract is in the final negotiations but we are -- we will then begin a very difficult transition that will probably take as long as a year to make the transition. A major initiative and undertaking.

As we move to upgrade our statewide microwave system, what we call the Kentucky wins which is a wireless interoperability network is what we call that and KYWINS we have the RFP on the street now and we expect it to take two to three years to complete that so that's going to be a significant effort for us.

Another area where we're putting a lot of effort is in interoperability for our public safety agencies around the state. We recently adopted a standard for mobile data and under the auspices of the Kentucky wireless interoperability executive committee which reports to me we're working now to make it truly possible for everyone at the scene of an incidents or a crisis to be able to interact with each other in both voice and data mode.

I mentioned the internship program. This is a real exciting thing for us and we're hoping by this summer we will have students in COT here working from the state universities that we know that you have a real good chance of recruiting workers out of an intern program to stay. We also think that even in the cases where we don't recruit them that we will provide a much better understanding of how government systems work to those students so we think that's going to be a great opportunity for both them and us.

We are a partner with an organization called connect Kentucky on the governor's broadband initiative which with the objective of bringing broadband services to every community and household across the commonwealth and that's also a very exciting opportunity.

I could go on about the many initiatives that we are undertaking. There's a lot of moving parts within the ones that I mentioned above so I may make them sound a little bit simple but they're actually very complex undertakings. But what I want to do is wrap up and focus on what I think everybody's most interested in and that would be your questions. So let me just say one thing that we are continuing to build on the efforts of those that went before us and we're really excited about our accomplishments to date and optimistic about where we're headed.

So Paul, with that, I'll turn it back to you and I'm ready to take questions.

Paul Taylor: Mike, thank you so much.

Kelcey, do we have -- let's solicit some questions right now. I have a few but we've had our audience listening and waiting for a little while now so let's solicit some comments from them, if you will, Kelcey.

Operator: Certainly, Mr. Taylor. Ladies and gentlemen, the question-and-answer session will be conducted electronically. If you would like to ask a question, you may do so by pressing the star key followed by the digit two on your touch-tone telephone. If you are joining us on a speakerphone, please be sure that your mute function is turned off to allow your signal to reach our equipment. And once again, that is star one if you would like to ask a question.

Paul **Taylor**: And also make the offer again of an e-mail channel pwtaylor@erepublic.com if you prefer that route as well.

While we're waiting for the calls, Mike, this is the service center approach, the realizing efficiencies across cabinets, the creating a secure trusted environment all of those have huge governance implications. How do you get everybody to the table and one the same page?

Mike Inman: Well, right now we have a thing called a commonwealth technology council which is a meeting that I host with all of the information technology officers from each of the executive cabinets we also open that up and allow the representatives from the constitutional offices the Secretary of State, Attorney General's office, the auditor pubic accounts and the legislature to attend as well. So it's a gathering of about 40 to 45 people. We meet once a month and we talk. We also have a less formal structuring, particularly within the executive cabinet and we have a standards committee which meets on a more of an as-needed basis that helps to set the standards for what software we're going to buy, where there's a case in which it's not going to be an interoperable kind of solution and we have to go to a single vendor or something. They do all the vetting on that and they decide what brands and they also set the standards for open architecture and that sort of thing.

Paul Taylor: Is that coupled with some kind of enforcement, either tying funding decisions to alignment with standards and architecture is there an enforcement piece to it?

Mike Inman: Well, the interesting thing is that the legislative authority that sets up my office gives me very broad discretion. We've also gone through a period because we didn't have a budget in which we have put in place some controls that probably wouldn't normally exist so with all these things the way they're set up today and there are various levels if it's a $400,000-higher project, then it has to go before a capital planning board that is a joint legislative executive and judicial board and I represent IT on that board. If it is anything less than that, and essentially anything comes to me for my reviews. So I get an opportunity to not approve something if it doesn't -- if it's not within standards and if it's not interoperable. So it provides a great opportunity.

Now, we don't will a big stick on this. What we do is we try to bring all the parties to the table and actually talk about what it is they're trying to do and how it fits in the overall scheme and make sure that they are working within the priorities that the Governor has set.

Paul Taylor: Very good. Kelcey, how are we doing on calls?

Operator: Well, we have no questions at this time but I would like to remind the audience that in order to ask a phone question, please press star one.

Paul Taylor: All right. Very good. When we were talking last week, Mike, in preparation for this call, you told me a fascinating story around that really I think characterizes Kentucky's view of its legacy systems and that they will be around for a while and they are part of the commonwealth's future moving forward and the story that this keys off and if you could summarize for us is the election night experience in Kentucky and how you were able to do things that other states didn't manage to get done.

Mike Inman: Sure, I'd love to talk about that. We bought an enterprise application server to go on our mainframe application for what we call election night tally and this was the first year we actually upgraded our mainframe back in January of 2004 as well in a time when we didn't have a budget that was a very difficult thing to get done. I wasn't actually here when it happened but I've heard the stories about it. It was very difficult to convince people to do that but the result was that at the 2004 general election the interest in that election was just almost unprecedented and probably was unprecedented the expectation that it would be a very close national election a couple of very hotly contested congressional seats a senate seat that might determine the outcome you know, the majority in the senate and that seat was very much in contention. And a lot of other things that were going on in the commonwealth just led that to be a time of a lot of intense interest in what was going on in the election here in Kentucky. And as we started the election night around 6:30 or so we detected that there was going to be a very, very high use rates on that mainframe and we made a few minor adjustments at that point but from that point on and really beginning somewhere just after 7:00 until somewhere around 10:00 or so we sustained 25,000 input/output transactions per second on that mainframe system and we delivered content that was just incredible that night. And I have had seen some things that cite us as being number two in the nation. I'm not sure who was number one that night in terms of what we were able to deliver and the timeliness of it.

So a really great success story for a legacy system that just had a little modernization on it. Now, the lesson from that is that as we look forward and we look at all these legacy systems that we have and we think well, we've got to scrap those and start over, well, maybe not so fast. Maybe we truly have reached a point where the mainframe is just a large server and now we just figure out how to, you know, change the type of service that we expect to get from that because you won't get any better or any faster transactions than you get on the mainframe. The question is: can you deliver that content.

Paul Taylor: That brings into focus one of the things that you didn't mention in your opening remarks and that's where the commonwealth is, where large applications are concerned. Everything from payroll, personnel, human resources, the budget applications, the central ledger, and a host of eligibility systems all of which

or most of which, I suspect, fall within that root brick of legacy and are there new investment decisions pending on some or all of those?

Mike Inman: That's a good question and I probably should have highlighted that directly. Yes to all of that.

We have a family of systems -- I call them family. They're not really in any way whatsoever related except that they all use -- well, they don't even now all use the mainframe. There's a variety of databases and platforms involved but they all fit within the entitlement area of our cabinet for health and family services. And Dr. Sam Dunn is the ITO over there and he has a vision for redoing those systems and we've working as a supporting player to him in that. And he is going to build what truly will be an integrated family of applications as a result of that.

In the personnel/payroll system, we're working with a system particularly on the payroll side that is in excess of 20 years old and we very much want to upgrade that. We do have some funding this year from the legislature to do that and we are right now in the beginning phases with working with personnel. They have the lead. We're a supporting player to find a (cot) solution. Probably something in the ERP family to do a payroll and personnel system.

We just recently renewed the contract that we have for our financial system and in the course of -- as a consequence of renewing that and doing a new service engagement with them with that company we will move to a true Internet version of that financial system what we call the MAR system here. And the other area that's real intriguing to us right now is in the 2004 legislative session, the legislature gave our revenue cabinet, then a cabinet, now a department, the responsibility to collect all overdue debt for the commonwealth regardless of where it was whether it was in the administrative office the courts, in the executive cabinets, or in one of the constitutional offices or one of the many agencies around the state. And that was a challenge because the systems that they would have to link to in order to collect that debt were not designed to talk to each other. And so we have been slowly cobbling together integration efforts to link disparate systems for revenue but our true vision going forward is that we go out and acquire a (cot)

solution as a revenue system and we are at the beginning point we have had interaction with a couple of states at this point looking at their systems and their successes and I'm certainly letting the vendor community know that we're interested in what they have to offer in that area.

What we're really not looking for is a customed built solution; we're looking for something that would be sustainable over the long haul.

Paul Taylor: I'm just curious on that. How close to (vanilla) do you think you can get with (cot) or do you end up with a custom system by another name (cot) plus a bunch of modifications?

Mike Inman: Well, there are some efforts going on at the federal level and within the states to try and standardize on some things and I'm not the most knowledgeable person on that to be able to talk about it. But as a result of that, a lot of the procedures that we to undertake in the states we're moving towards standards so that we have some level of interoperability within the state but you will always end up with a very high level of customization just simply because we all do business a little bit different.

Paul Taylor: Right. Kelcey, any calls in the queue?

Operator: Mr. Taylor, we do have a few questions from the phone lines. We'll hear first from Allen Harris with Nortel.

Paul Taylor: Very good.

Alan Harris: Mike, thank you for taking my question and your overview was very, very good.

My question has to do with just some comments that you might want to make on behalf of the commonwealth around the whole of first responder interoperability. I know you touched on it and you talked about your mobile data standard. One of the things that we see across the United States and

specifically in many of the Mid-Atlantic States is the States and their local governments getting together in a consortium to be able to create a first responder interoperability strategic plan. Can you comment on what the commonwealth is doing from that perspective and then, more importantly, how does the commonwealth work with the federal department of Homeland Security in order to attempt to implement that plan?

Mike Inman: OK, I'd be glad to address that. You are from Nortel I believe?

Alan Harris: Yes I am.

Mike Inman: OK, first of all, Kentucky has actually jumped out on this even before the events of 9/11, there was an effort here to promote interoperability and a couple of legislators back in the late '90s began to get onboard with this and provide some support to it and we went through several iterations of governance for that and ended up with a body called the Kentucky wireless interoperability executive committee.

I have a couple of members on that committee and I appoint the chairman of the committee but basically that committee acts for the state in terms of promoting interoperability both for data and voice and we have been very successful. We have a great partnership with Keith Hall who is the executive director of Homeland Security in the office of the governor and he maintains a relationships with Homeland Security at the federal level. We've been very successful in attracting federal funds and we have actually leaned a little bit further forward than the federal directives in this regard and it's helped us in a lot of ways. It's very difficult to get cooperation with local governments if you're not offering some way to help them pay. Otherwise, they're going to try and go for the cheapest solution which may not always be to our advantage. So what we've done is we have linked the Homeland Security grants to approval of an interoperability plan. Now, we do have an interoperability strategic plan for the commonwealth and it requires any state agency that is going to use wireless radios for any purpose must have approval from the (quick) committee which gets signed off by myself before they can spend either federal or state money on that system.

Now, local governments are a little bit different. They have to have their plans approved -- reviewed by us but not necessarily approved but what we've done is because there is so much to state and federal money provided in this area, is we've linked all the state and federal spending to that so in effect they must get their plans approved before they will get any outside funding. And so to date, all local governments have agreed to cooperate on this. The (quick) committee has representatives from all levels of state and local government and so all those interests are represented the (quick) committee meetings are regularly attended by representatives from all across the commonwealth and I think this is a real success story for us I think in every area. We have an area down in southeastern Kentucky 42-county area that has become somewhat of a test bed for interoperability. They're way ahead of the rest of the state and are paving the way in the things that they're doing there will eventually roll out to the rest of the state.

Alan Harris: Thank you very much.

Paul Taylor: Alan, thank you for that. Kelcey, who else do we have in the queue?

Operator: Well, before we go to our next question, I'd like to give a final reminder to the audience that it is star one if you'd like to ask a phone question. And we'll now hear from Tod Newcombe with Public CIO Journal.

Tod Newcombe: Hi and then thanks for taking my call. I'm with Public CIO Journal which is published by ERepublic just so you know.

I wanted to ask you a little bit about your staffing problems that you're having and I wanted to know just how flexible your ability to look for solutions is and specifically can you -- how seriously can you look at outsourcing or are your hands tied by your state legislature on what you can do in terms of trying to outsource some of these needs?

Mike Inman: Well, you know, it is state government so there are rules. We have been under a hiring freeze for some time and I have just gotten some exemptions to that hiring freeze that are going to allow me to move

some things forward that really need to be done. Because we are still three years ahead of the worst part of the expected loss of people, I think we are far enough in advance that we can manage this so this is not a sky is falling thing. In a lot of ways, it's actually an opportunity because although I'm very concerned about the knowledge that's walking out the door with retiring workers and I don't think I mentioned this but we anticipate anywhere between 20 and 40 percent of our workforce is eligible to retire by 2008 and if you do an analysis on who those people are, you'll find that they are dominantly in the ZOS (coball) development type of space. So it is a particular area and it is a particular concern because I anticipate those systems to remain in operation for many years to come and so I have to replace those skills.

So, so far, I've had a tremendous amount of support and flexibility from the personnel cabinet in setting up a recruitment program in going out and working with the universities we're even actually working with the folks that exiting from the military because there's a lot of skills in that pool that we can drive.

But we are within the government's merit system and so we're bound by the same rules that everyone else is in terms of what we can pay and how much we can recruit and so, you know, that somewhat restricts us but I would say at this point right now it's not overly a problem. And I know there was one more point of your question there that I may not be addressing if you would repeat that.

Tod Newcombe: Well, I was wondering if outsourcing -- if you're -- well, you sort of mentioned that your hands were somewhat tied but I just wondered if outsourcing is an option on the table that you can look at and if so, how luck -- or is there any legislation that has put some constraints on that?

Mike Inman: There was legislation proposed in 2004 to limit the contracts and that was not acted on. I have a do out to the appropriations and revenue committee of the legislature to go back and talk to them about the use of contracts. They're very concerned about the overuse of contractors.

I think as we go forward though realistically, you know, I've had great success in cutting the number of contractors here that we're doing staff augmentation for us but many of those contractors were here for a

long term and that's not really an appropriate use of contractors. What we should be using contractors for is for building systems or to peak workload that comes with building and deploying systems and then to augment us, you know, as workload exceeds the capability of state employees. Otherwise, it's just prohibitively expensive. And so I think once we have the model in place to use contractors appropriately, then I think as we have difficulty with workload going forward, I think we'll be able to do that.

There is no real restriction on me right now in terms of recruiting new state workers other than the fact that I have to compete in a marketplace where I may have to pay higher salaries when that begins to actually manifest itself and I really can't hire people, then I believe that the pressure on the system will allow me to come up with an alternate way to compete in that market. So yes, there'll be an increase in contractors. No we probably will not outsource large components of state government. I don't see that happening. I think there's a lot of pressure not to do that. And our use of staff augmentation is going to be judiciously controlled.

Tod Newcombe: Thank you very much.

Paul Taylor: Tod, thank you. Kelcey, who's next in the queue?

Operator: Actually, Mr. Taylor, that concludes the questions on the phone lines at this time, sir.

Paul Taylor: Very good. And I bet you, Kelcey, we'll take one or two more if somebody wanted to jump in at this point.

Just following up on Tod's question, Mike, and you mentioned it briefly but I think it warrants a little bit more exploration and that's the partnership with the universities and growing your own set of state IT workers.

Mike Inman: Well, it's interesting. The president of one of the state universities -- Western Kentucky University happens to have gone to school with me and we -- although I will say we barely remembered each other but anyway it led to a conversation that he and I had at one point that then led to a visit on campus there and that has been picked up by several other universities and is a very interesting development.

We have a policy in place now for recruiting interns. Let me just explain how it has been done in the past. Basically, an intern applied for an internship with state government. They came in through the system and there really wasn't a lot of thought put into where should this person go. So we ended up with some people in the internship program who probably would have been a better fit in another agency. So what we're trying to do now is we're trying to go to the source of the interns. First of all, increase the number of people that apply. Make sure that those people understand what the requirements are and are coached and are mentored along the way help with their application process, and then screened here in Frankfort at the state level so that where we place them is actually within the educational experience and within their interests and then we put them in the office. And then, with those kind of criteria, there is a high probability that we will be able to retain those people in our organization when they finish their internship.

Paul Taylor: That's very good. Kelcey, one last check with you just in case there's one straggler question.

Operator: And Mr. Taylor, you're right we do have Dave Robinson from GTSI.

Paul Taylor: Dave, welcome.

Dave Robinson: Hello. Thank you, for taking my question. My question had to do in regards with the statewide mobile data system. When do you foresee the statewide completion of that and then what additional enhancements and upgrades do you foresee for the statewide system?

Mike Inman: I'm sorry. I missed the first part of that.

Dave Robinson: I'm sorry. I was wondering what the completion date is forecasted for completion of the statewide mobile data system.

Mike Inman: Well, the way this is working is we have a standard for it and then we have a source of funding that is not of course enough funding to pay for everything in one year. So counties and local governments apply to the (quick) committee for approval of their programs and then they also apply to the office of Homeland Security which we cooperate with them and participate in the process of evaluating them and they receive grants on the basis of the value of their program and basically on their need and the ability to execute. And it would be a bit difficult for me to say how long it'll be before we get to a point where all needs are met. I'm guessing three to five years.

Dave Robinson: OK, what about any future enhancements or upgrades into later technologies? Is that something that's planned for later on down the road?

Mike Inman: Well, it is technology and unfortunately we all have to live with the -- you know, in the environment in which this stuff eventually does become obsolete. So yes, we have a program in place to address that. Of course right now, we're trying to get through a first iteration ...

Dave Robinson: Sure.

Mike Inman: ... of issuing. But yes, your question's very good. There is a lifecycle issue here.

Dave Robinson: OK. So thank you very much.

Mike Inman: Sure.

Paul Taylor: Dave, thank you.

Mike, let's go out on this one. You used particularly strong language where security is concerned. Maybe it is the retired warrior in you but you talk about being at war in this space and if you could spend a little bit more -- talking about why you view it that way and what the commonwealth is doing to build a strong defense in these dangerous times.

Mike Inman: OK. Well, first of all, I think we have a -- not necessarily a single unified but certainly a free thinking enemy out there who is attacking us in the space whether it's for releasing viruses, whether it's for placing ad ware or spy ware on your -- in your environment or whether it's as we had this week an actual denial of service attack which although it didn't shut us down -- really didn't even -- didn't even have a big impact on operations, but it did slow down response times, there are organizations that are doing this.

Now, I was asked this by a legislator a while back: what am I doing to arrest these guys. Well, I'm not a policeman and I'm not in the business of arresting people; however, we do cooperate with the Kentucky state police with the FBI and with the CIA in terms of reporting incidences and helping them to gather data so that they can combat these things.

Much of this apparently is happening from overseas and I have enough paranoia in me to believe that there is something going on out there. But just from what I see here today, the only posture that we can possibly take to protect ourselves is a full defensive posture. It goes from everything. The major actual outages or interrupted service that we've had since I've been here in terms of security has been because someone introduced a piece of hardware into a secure network that was not properly patched and when they introduced that, then in one case it was just a guy brought in his laptop from home and plugged it into a cabinet network and when he introduced a virus that was defeated in the commonwealth over a year ago -- actually now about 18 months ago -- and the network that that was introduced into had somehow not been properly patched.

So even though that virus had been eradicated before, when it was reintroduced they did not defeat it and so we had to shut off that part of the network and clean it before we could let them resume service. So we act

under a high level of paranoia here. We are working very, very hard to make sure that denials -- attempts at denial service are not successful. We bought a content security manager -- management solution last year to limit access to Web sites where people might download things that might be harmful to their computers and otherwise disrupt the workplace. And we are about to complete the rollout of a portion of that same software that will stop the flow -- the flood of Spam into people's inboxes. Spam itself is a very expensive thing because of the amount of storage space that it takes up.

Paul Taylor: Great. Thank you for that. We want to be respectful of everybody's time and I guess just a couple of things before we cut you loose.

First of all, Mike, thank you so much for taking an hour and a bit with us this afternoon. Appreciate that very much.

Mike Inman: My pleasure.

Paul Taylor: And I will on your behalf invite everybody to think seriously about joining us all in Lexington, Kentucky, on April 26th for what is now the fifth annual Kentucky digital government summit. How quickly those numbers roll up, but April 26th in Lexington. Mike will be there and a bunch of other good people from Kentucky will be there. I hope that you can join us for that.

In terms of joining us, hopefully that you can be back here on the phone on April the 19th for our next executive teleconference. We will be headed a little East and crossing the state line into Missouri and state CIO Dan Ross will be our guest for that one so put in on the calendar now. Details to follow obviously for April 19th for that.

A final note, if I may. Some of you may already know that Mark Struckman, our Vice President of Research and a longtime friend in the Center has moved on. That if (Mark) is your primary contact with the center invite you to be in touch with John Thomas Flynn, Vice President of Advisory Service, myself,

Paul Taylor, with the Center, or our executive director. Mark has gone on to bigger and bolder things. We wish him well with all of that but we want to make sure that we stay in touch with the friends and acquaintances he's made in both the pubic and private sector.

With all of that, I thank you all for being part of the call today. It's a good call and hope to see you gain on April 19th and a final word of thanks to our partners over at Government Technology Executive Events for helping out with this conference as well. Thank you again and have a good afternoon.

Operator: Thank you, Mr. Taylor. That does conclude today's conference. On behalf of Kentucky Digital, I'd like to thank you for your participation. Enjoy the rest of your day.

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